

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF POLICY**

**FOR
PERSONAL TRADING**

xx, 2012

This policy is effective immediately upon adoption and supersedes all previous personal trading policies.

I. PURPOSE

The California Public Employees' Retirement System ("CalPERS") Personal Trading Policy is designed to help prevent insider trading and front running, avoid conflicts of interest, and help ensure that CalPERS employees and Board members are complying with federal law and meeting their fiduciary duty to CalPERS and its members.

II. POLICY SCOPE

This policy applies to the purchase, sale or transfer by or to a Covered Person of Securities, as defined below. Some exceptions apply for specific account types and transactions (refer to Sections II, B and III, C).

A. Covered Person

1. This policy applies to anyone who is a Covered Person. "Covered Person" is defined as a person holding any of the positions listed below:
 - a. CalPERS Board members and their representatives;
 - b. Chief Executive Officer;
 - c. Deputy Executive Officers;
 - d. Assistant Executive Officers;
 - e. Chief Financial Officer;
 - f. Chief Actuary;
 - g. Chief Risk Officer;

- h. All employees of the Office of Enterprise Risk Management;
 - i. All employees of the Investment Office;
 - j. Division Chief of Fiscal Services;
 - k. All employees of the Investment/Fund/Retirement Program Accounting Section of the Fiscal Services Division, except the Retirement Program Accounting Units;
 - l. All employees of the Office of Audit Services, except Senior Program Evaluators (Public Agency Team) and all employees directly reporting to the Senior Program Evaluator (Public Agency Team);
 - m. All employees of the Benefit Program Policy & Planning Branch whose positions are designated in the CalPERS Conflict of Interest Code at 2 Cal.Code Regs Section 560;
 - n. All employees (and their direct supervisors) of the Information Technology Services Branch who perform work assignments within the Investment Office's physical or virtual secured area, and who have the potential to obtain access to non-public investment-related information;
 - o. The General Counsel; Deputy General Counsel; Assistant Chief Counsel (Investments); Staff Counsel and Senior Staff Counsel reporting to the Assistant Chief Counsel (Investments); Assistant Chief Counsel, Senior Staff Counsel and Staff Counsel who advise the Health Plan Administration Division of the Benefit Programs Policy and Planning Branch; and Assistant Chief Counsel, Senior Staff Counsel and Staff Counsel who advise on CalPERS' procurement or services contracts;
 - p. The secretary and assistant of any person holding a position listed in a. through o., above;
 - q. The spouse or registered domestic partner of any person holding a position listed in a. through o., above.
2. A "Covered Person Employee" is defined as a Covered Person employed by CalPERS.

B. Covered Account

1. This policy applies to all Covered Accounts. A “Covered Account” is defined as an account with the capability of trading Securities to which a Covered Person has legal title or over which the Covered Person has the power to place or direct trades.
 - a. In addition to the foregoing, the following are considered Covered Accounts provided brokerage access to buy and sell individual Securities has been activated:
 - (1) 401(k) and 457 accounts held by a previous employer of the Covered Person.
 - (2) 401(k) and 457 accounts within the State Savings Plus Program.
2. A Covered Account does not include an account over which the spouse or registered domestic partner of the Covered Person Employee has the power to place or direct trades by virtue of the spouse’s or registered domestic partner’s employment (e.g., the spouse or registered domestic partner is a money manager, financial advisor, etc.), unless the spouse or registered domestic partner is also employed by CalPERS.
3. The following account types are not considered Covered Accounts:
 - a. Bank accounts (checking, savings, mortgage, etc.).
 - b. Treasury direct accounts.
 - c. Mutual fund-only accounts (including 529 plans).
 - d. Managed Accounts. A “Managed Account” is defined as an account with the capability of trading Securities that meets all of the following criteria:
 - (1) The account is managed by a third party who is not a Covered Person;
 - (2) The Covered Person has no power to affect or ability to control or influence investment decisions in the account; and
 - (3) The Covered Person does not communicate (directly or indirectly) with the person(s) with

investment discretion regarding the trading activity in the account.

C. Security or Securities

Security or Securities subject to this policy includes all of the following:

1. Publicly traded securities (including but not limited to derivatives, options, puts and calls).
2. Unregistered debt and equity offerings.
3. Private equity transactions.
4. Hedge fund transactions.
5. Fixed income instruments.
6. Exchange-traded notes.
7. Private offerings.
8. Interests in real estate.
9. Commodities (including but not limited to futures and forwards).

III. TRADING REQUIREMENTS

A. Designated Brokerages

1. All Covered Accounts must be maintained at one of the following CalPERS approved broker-dealers ("Designated Brokerage"):

(List of Designated Brokerages)
2. The addition of a broker-dealer to this list of Designated Brokerages will be based on the broker-dealer's ability to provide direct feeds, CalPERS ability to meet any broker-dealer account minimums, and cost.
3. A Covered Person Employee has 60 days from the later of the commencement of his or her employment with CalPERS or the effective date of this policy to move all Covered Accounts to a Designated Brokerage. If it is not possible to move a particular account to a Designated Brokerage, the Covered Person Employee

is responsible for obtaining approval from the Office of Enterprise Compliance.

B. Pre-Clearance

Covered Persons are required to obtain pre-clearance approval before the purchase, sale or transfer of Securities of any size is executed in a Covered Account, unless the transaction is an exempt transaction as defined under this policy. If the information in a pre-clearance request materially changes, the pre-clearance process must be completed again prior to undertaking the transaction. In addition, if the transaction is not executed within the approved market session, the pre-clearance process must be repeated prior to undertaking a new transaction (excluding limit and stop orders).

The Office of Enterprise Compliance will maintain a log of all preclearance requests and approvals or denials. Transactions in Managed Accounts do not need to be pre-cleared.

1. *Publicly Traded Securities:* To obtain pre-clearance approval of a publicly traded Security, a Covered Person must input the details of the proposed trade into an authorized online trade system and follow the instructions. The Covered Person will receive notification within 24 hours as to whether the proposed trade is approved or denied. If the proposed trade is approved, the approval is valid only during the current market session, or the next open market session if the approval is received by the Covered Person after the market closes.
2. *Private Securities:* To pre-clear Securities that are not publicly traded, a request must be submitted to the Office of Enterprise Compliance via a Permission Request Form.

C. Exempt Transactions

Transactions in the following types of instruments or accounts are exempt from the pre-clearance, holding period and black out period requirements:

1. Money-market funds;
2. Mutual funds and ETFs;
3. Index-based securities and options on these securities;
4. Commercial Paper;

5. Unit Investment Trusts;
6. Direct Investment Plans (DRIPs);
7. Brokerage Certificates of Deposit;
8. U.S. Treasury obligations;
9. Debt securities issued by state and municipal governments and government agencies of the United States;
10. Scheduled transactions made through the use of an Automatic Investment Plan (pre-clearance is required when a non-exempt security is added or modified);
11. Enrollment and scheduled transactions made through an Employee Stock Purchase Plan;
12. Actions that occurred without the input of the Covered Person, e.g. option expiration, called bond, converted security, etc.;
13. Real estate (provided the real estate interest is not acquired through a private placement vehicle or an investment in a co-mingled entity);
14. Transactions in any of the above listed that occur in a previous employers' account.

IV. TRADING RESTRICTIONS

A. Holding Period

A holding period requires Covered Persons to hold their positions in Securities for specified periods of time. Because short-term trading is incompatible with the work duties and fiduciary responsibilities of CalPERS staff, and may create the perception CalPERS staff have access to non-public information, CalPERS requires a 30-day holding period for Securities. Covered Persons are prohibited from disposing of Securities within 30 calendar days of acquisition and from re-acquiring shares of such Securities within 30 calendar days of the last sales date (last-in first-out basis). Short selling to circumvent the holding period requirement is not permitted.

B. Blackout Period

A Covered Person may not buy, sell or transfer Securities during the three-day period of time that commences one calendar day before and ends one calendar day after a transaction in the same or equivalent Securities by CalPERS. The Blackout Period does not apply to a Covered Person's transactions in the Securities that CalPERS has traded (during the Blackout Period) in a passively managed portfolio (i.e., one that is not actively traded or traded against a strategy). In addition, an exception to the Blackout Period may be granted if pre-clearance was obtained prior to CalPERS inputting a transaction in the same or equivalent Security.

C. Restricted List

The Restricted List is a list of Securities maintained and updated by the Legal Office and distributed to CalPERS officials. A Covered Person may not purchase, sell or transfer a Security while it is on the Restricted List. The purchase or sale of a Security on the Restricted List that results from the execution of a limit or stop order is not a violation of this prohibition, provided the Security was not on the Restricted List at the time the limit or stop order was placed.

D. Prohibited Transactions

Covered Persons are prohibited from executing the following transactions:

1. A transaction that would constitute insider trading under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder or that would violate any other state or federal law.
2. A transaction based on confidential information that a Covered Person Employee learns by virtue of his or her employment with CalPERS.
3. A transaction that is executed on a security while taking advantage of knowledge of a pending CalPERS order in the same security, thereby trading "in front of" CalPERS (front-running).
4. A transaction that is effected through an account other than a Covered Account in order to circumvent the requirements of or prohibitions contained in this policy.
5. Derivatives of any kind (and any other instrument or device) used to avoid the requirements or prohibitions contained in this policy.

V. EXCEPTION PROCESS

If a pre-clearance request is denied, the Covered Person may submit a written request for reconsideration of the denial to the Office of Enterprise Compliance.

A. For All Reconsideration Requests

For all requests for reconsideration, the Covered Person must certify facts demonstrating the transaction is not a prohibited transaction. In addition, the Covered Person must provide the following information:

1. *For Denials Based on Blackout Period:* The Covered Person must also include a certification that the Covered Person had no knowledge at the time the Covered Person requested pre-clearance approval that CalPERS had traded or would trade the same or equivalent Securities during the blackout.
2. *For Denials Based on Holding Period:* The Covered Person must also provide the reason(s) why the Covered Person believes an exception to the holding period requirements should be approved.
3. *For Denials Based on Restricted Securities List:* The Covered Person must also provide the reason(s) why the Covered Person believes an exception should be approved.
4. *Criteria for Evaluating Reconsideration Requests:* Requests for reconsideration under V.A.1 through V.A.3, above, will be examined on a case by case basis after evaluation of all surrounding facts and circumstances, including without limitation, a Covered Person's unexpected financial hardships and market conditions (e.g., a declining market, public announcements about a Security).

B. Denials of Reconsideration Requests

If the Office of Enterprise Compliance denies a request for reconsideration, the Covered Person may request further reconsideration of the decision by the General Counsel. Requests for reconsideration of denials based on the Restricted Securities List require joint approval of the General Counsel and the Chief Operating Investment Officer. The General Counsel and Chief Operating Investment Officer may delegate the authority to make these decisions to their subordinates.

VI. REPORTING REQUIREMENTS

A. Account Reporting

Covered Persons are required to disclose all Covered Accounts and Managed Accounts to the Office of Enterprise Compliance. If a Covered Person is not certain as to whether an account is a Covered Account or Managed Account, it is his or her responsibility to seek, and comply with, guidance from the Office of Enterprise Compliance.

For Managed Accounts, the Covered Person is required to indicate that the account is managed and provide a copy of the Investment Advisory ("IA") Agreement or other document that captures the arrangement whereby a third-party managed account provider has discretion to act as investment advisor or to manage any investment or trading account for another person to the Office of Enterprise Compliance.

Disclosure of Covered Accounts and Managed Accounts must be made on or before the later of 30 days from the commencement of a Covered Person Employee's employment with CalPERS or the effective date of this policy. In addition, Covered Persons are required to notify the Office of Enterprise Compliance on an ongoing basis if any new accounts are opened or if any existing accounts are closed. Furthermore, Covered Persons are required to attest annually that all Covered Accounts and Managed Accounts have been disclosed.

B. Transaction Reporting

Designated Brokerages will supply a direct feed of all transactions on Covered Accounts. Covered Accounts without an automated feed must report all purchases, sales and transfers of Securities on a quarterly basis, within 30 calendar days of each new calendar quarter. This report will also include Securities donated or transferred to, or received from, another party.

C. California Public Records Act

CalPERS will treat information reported under this policy as confidential and not subject to disclosure under the California Public Records Act and will not disclose the information until after the Covered Person is notified and not unless ordered to do so by a court of competent jurisdiction.

D. Policy Affirmation

Within 30 calendar days of the later of commencement of a Covered Person Employee's employment with CalPERS or the effective date of this

policy, and on April 1 of every subsequent calendar year, Covered Person Employees must review, acknowledge and affirm that they have read and that they understand this policy.

VII. VIOLATIONS OF THIS POLICY

All CalPERS employees are responsible for meeting job performance standards and abiding by established laws and regulations. Violation of the Personal Trading Policy may result in adverse action, up to and including termination from State service.